

The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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I.C.C. Orders Lower Rates for Railroads

New Tariffs Will Mean Great Savings to Public and May Revive the Railways

AUTOS, BUSES FORCE CUT

But Some Railway Executives Feel Reduced Fares Will Harm Rather than Help Their Business

The recent order to reduce railway passenger fares has a significance beyond that which may at first appear. It will mean a great saving to the traveling public, of course, and that is important. It may increase the traffic of the railroads and that is an interesting piece of business news. But the student of history will see an even broader significance. He will look upon the fare reduction as an incident in transportation history. He will be reminded of the changing modes of travel since the early days of our history. He will see the passing of the stagecoach, the horse and buggy, the covered wagon; the coming of the Iron Horse, the dominance of the railroad with its monopoly of rapid transportation by land; the recent challenging of the railroad by the truck, the bus, and the automobile, the consequent decline of the roads. And now, at a time when people are wondering whether the railroad will go the way of earlier modes of transportation, he will watch with interest this attempt—this experiment—to see whether cheaper fares may turn back the tide and give new life to the Railway Era.

Historical Background

Rudyard Kipling once said, "Transportation is Civilization." He meant not only that civilization would be impossible if there were no satisfactory means of getting about, but also that the very character of a civilization is indicated by the means and methods of transportation. Certainly American civilization during the nineteenth century was mightily affected by the railroad development. The building of the roads and the establishment of rapid through traffic knit the country together and made it possible for the population to expand and cover a great domain in the West without too great separation of the distant sections. The completion of the first transcontinental railroad is rightly accorded a big place in American history.

The railroad companies, which were doing so much for the country, exacted a heavy price. Not only did they receive gifts of land from the government amounting to a considerable proportion of the national domain, but they used their great power to influence, and in many cases to control, politics. As the people began to agitate for lower rates and fares and for regulation of the railroads in a number of respects, railroad money, dispensed by skilled lobbyists, rolled into the state capitals, and for years the big companies had things very much their own way.

In 1887 the national government took a decisive hand in railway regulation by the establishment of the Interstate Commerce Commission. The powers of that body have been enlarged from time to time so that it came to have authority to fix freight and passenger rates, subject to review by the courts if the rates were held to be so low as to destroy profits.

But despite regulation the railroad com-

(Concluded on page 8, column 1)



HIROHITO, EMPEROR OF JAPAN

Castles in Spain

"We of the modern world, what do we dream of? What are our castles in Spain?" John Galsworthy asks that question in an essay, "Castles in Spain." "The thought came to me in Seville Cathedral," he continues, "the stone fabric of man's greatest dream in those ages to which we have been accustomed to apply the word 'dark.' They, who, traveling in Spain, consult their guidebooks, may read these words: 'On the eighth day of July in the year 1401 the Dean and Chapter of Seville assembled in the court of the elms and solemnly resolved: Let us build a church so great that those who come after us may think us mad to have attempted it. . . . The church took one hundred and fifty years to build.' Men dreamed in those 'dark days,' and carried out their dreams. In that silent building, incredibly beautiful, in that grove of sixty great trees of stone, whose vast trunks are jewelled by sunlight filtering through the high stained glass, in that stupendous and perfected work of art, raised by five succeeding generations to themselves and their God, one stood wondering wherein lay the superiority of ourselves, Children of Light, over those Sons of Darkness. We, too, dream. I have seen some of the results—the Great Dam at Assuan, the Roosevelt Dam in Arizona, the Woolworth Building, the Forth Bridge, the Power Works at Niagara—nor yet the greatest of them all, the Panama Canal (which actually took one-tenth of the time it took the Sons of Darkness to achieve Seville Cathedral). But all these were dreamed and fabricked out for immediate material benefit."

What a wonderful thing it would be, thought Galsworthy, if the civic leaders of London should solemnly resolve to remake of that metropolis "a city so beautiful and sweet to dwell in that those who come after us shall think us mad to have attempted it!" What if, after five generations, the city should be made "a stainless city of Portland stone, full of baths and flowers and singing birds." The builders of the Middle Ages had no conception of social progress and human welfare. They erected their stately edifices for the glory of God, while within the shadows of those great monuments men and women and children lived without comfort or hope. We of the present age profess an interest in human well-being. But do we work for the realization of our ideal with the energy and the single-minded devotion which characterized the dreamers of that other day? What could we not do if we should set out determinedly to make our dream come true?

In the social life and in the personal life, there is need of vision. There is need of daring resolution to realize the vision. If each individual should get a vision of a castle in Spain—of an ideal toward which he might aspire—he could leave behind a worthy monument to that aspiration. And if, in society, we should dream of a state where justice and security reigned, we might leave behind a really imposing contribution to civilization and to human happiness. But the vision must be supported by a fixed determination to build on a scale so grand that "those who come after us may think us mad to have attempted it."

Japanese Shaken by Crisis in Government

Emperor Seeks to Establish Cabinet Satisfactory to Conflicting Political Elements

MILITARISTS MAY BE HEEDED

Recent Assassinations Dramatize Growing Cleavage Over Fundamental National Problems

Nothing more fantastic, not even in the weird pages of Renaissance history or of a modern mystery story, has taken place than the melodramatic episode which occurred in Tokyo late last month. Like the glamorous Count of Monte Cristo, Premier Keisuke Okada of Japan was thought dead, slain by assassins. His slaying was officially confirmed by the government, and expressions of condolence poured in from all over the world. Even members of the immediate family believed him dead. Then, three days later, the "dead" premier suddenly appeared on the scene once more, as a ghost returning from another world. It turned out that the man who had been murdered in the early hours of the morning of February 26 was not Okada at all, but his brother-in-law and secretary, who, accidentally or by intent, had sacrificed his own life that the highest member of the cabinet might live.

Victims of Assassins

But if Okada's life was saved, other high officials of the Japanese government were not so fortunate. For on that fateful morning, while all Tokyo was still asleep and the city was blanketed with a heavy snowstorm, young officers of the army set out to execute a well-laid nefarious plot. Several squads of them departed for various sections of the city with instructions to slay high officials of the government, including the premier. Three of the squads were successful, for they killed Finance Minister Korekiyo Takahashi, General Jotaro Watanabe, inspector general of military training, and Viscount Makato Saito, a former premier and an intimate adviser of the emperor. For three days they held the city in terror, and it was only after a strong order from the emperor that they surrendered.

Whether it was the intention of these youthful hot-heads to attempt to seize the government; in other words, to effect a revolution, is not clear. This much is certain. The uprising was a violent protest against the way the Japanese government has been run and tends to dramatize the sharp cleavage which exists among the Japanese people—a cleavage which has been growing sharper month by month for the last five years. This conflict is generally referred to as a clash between the military and the civilian members of the government. To a certain extent, this statement is true. But it is only part of the truth. The February 26 incident, as it is now referred to, tends once more to show how deeply the present conflict on great political and economic problems cuts into Japanese life. Of this, we shall have more to say later.

To Westerners, especially the English and Americans, events such as those which took place in Tokyo last week seem incomprehensible. We, too, differ on governmental policy. The conflicts here are probably as deep and as intense as they are in Japan. Yet we seldom resort to

political assassination as a means of making our wishes felt. Such is not the case with the Japanese and other Oriental peoples. They often resort to violence—as can be seen by the frequency of just such episodes as the recent uprising—in order to force the government to take a different course of action. There is something unique in the Oriental psychology which places a different emphasis upon human life. As K. K. Kawahami, a leading Japanese journalist living in this country, explains this difference, the “idea of assassinating prominent men is a survival of the feudal sentiment which was transplanted from China, as so many things Japanese, both good and bad, came from that hoary country. In my boyhood days my master in the Chinese classics taught me to read a Chinese book, which eulogized and idealized celebrated Chinese assassins. It was a famous classical book, widely known both in China and in Japan. Its lurid yet fascinating language still lingers in my mind.”

Oriental Psychology

It is something like the Oriental conception of “saving face.” To lose face is something which the Oriental mind cannot tolerate, and as an act of atonement for failure in an important patriotic duty, those of the East often pay with their own lives. The ritual of hara-kiri, by which men who have failed to discharge a public obligation disembowel themselves with a sword, is not at all uncommon in Japan, and it is said that the 15 leaders of the recent rebellion, when dismissed from the army, took the only honorable course open to them and committed suicide.

We must understand this peculiar, medieval, and somewhat mystical turn of the Japanese mind if we would grasp the full significance of what has happened recently in Japan and what is happening there today. Although Japan has emerged in less than a century as one of the great industrial, capitalist nations of the world, there is still much of the feudal outlook in the minds of the Japanese people. The Japanese claim direct descendancy from the gods and regard the emperor as the gods' representative on earth.

Now this concept of the dignity of the Japanese people and the function of the emperor had a great deal to do with the recent upheaval in Tokyo. Many Japanese, particularly young enthusiasts in the army, imbued with a highly developed sense of patriotism, feel that the emperor has been led astray by scheming politicians. They believe these politicians have defiled Japan and stripped the emperor of his dignity. That is why, in the manifesto of the revolutionaries, it was stated clearly that one of the aims of the assassinations was to wipe out those “evil elements surrounding the throne.” “By destroying these evil influences,” they continued, “we hope to enhance the glory of the national structure and promote the great cause of justice.”

Here again, we find something of the mystical so characteristic of the Oriental mind. The young zealots thought that if the government could be rid of the politicians, who are corrupt and scheming, a general cleansing would be possible. The military elements, which have always been held in high esteem in Japan, would be better able to work for the good of the people, both at home and abroad. For that reason, the so-called civilian government should be replaced by one with a more military tinge. The emperor would be restored to his rightful place (significantly they called their movement a drive for a “Showa restoration,” Showa being the name of Emperor Hirohito's dynasty) and the true spirit of Japan would be restored.

It has been pointed out that the aims of those who led the recent rebellion were somewhat similar to those of the German National Socialists before they were given control of the government. There was the same distrust of the politicians, the same glorification of the military and emphasis upon its ability to restore the true national spirit, and to a large extent the same mystical drive, in the German case manifested by a revival of certain of the old Teutonic, somewhat pagan, concepts.

Not unlike the Hitler movement of Germany, the Japanese uprising and general discontent have their roots in general economic conditions. Although Japan has made the change from a primitive economic society to a highly industrialized modern state more rapidly than any other nation—with the possible exception of Soviet Russia—the transformation has not been made without hardships. As in other industrial countries, the population has seemed to be divided more and more into two great classes, the rich and the poor. With the development of industries, large family fortunes have been made, while workers and farmers have labored under trying conditions, low wages and prices and high taxes. As one of the most com-

activities as banking, coal-mining, rayon manufacture, shipping, and life insurance. The House of Mitsui, through various financial devices, largely control the textile industry, including the cotton-spinning machinery industry, the cotton importing and exporting business, warehouses, and a host of other things. And these great economic interests have—of this there can be no doubt—exerted considerable influence over the policies of the Japanese government. As Mr. Hubbard declares, “we can at least be sure that these two great concerns (the Mitsui and Mitsubishi) through their affiliations with the parties in question have at times had a decisive voice in the formulation of government policy.”

There can be no question that the sus-

not been specific in their demands for reform, they have at least insisted upon one thing: that these politicians be ousted.

Politicians Blamed

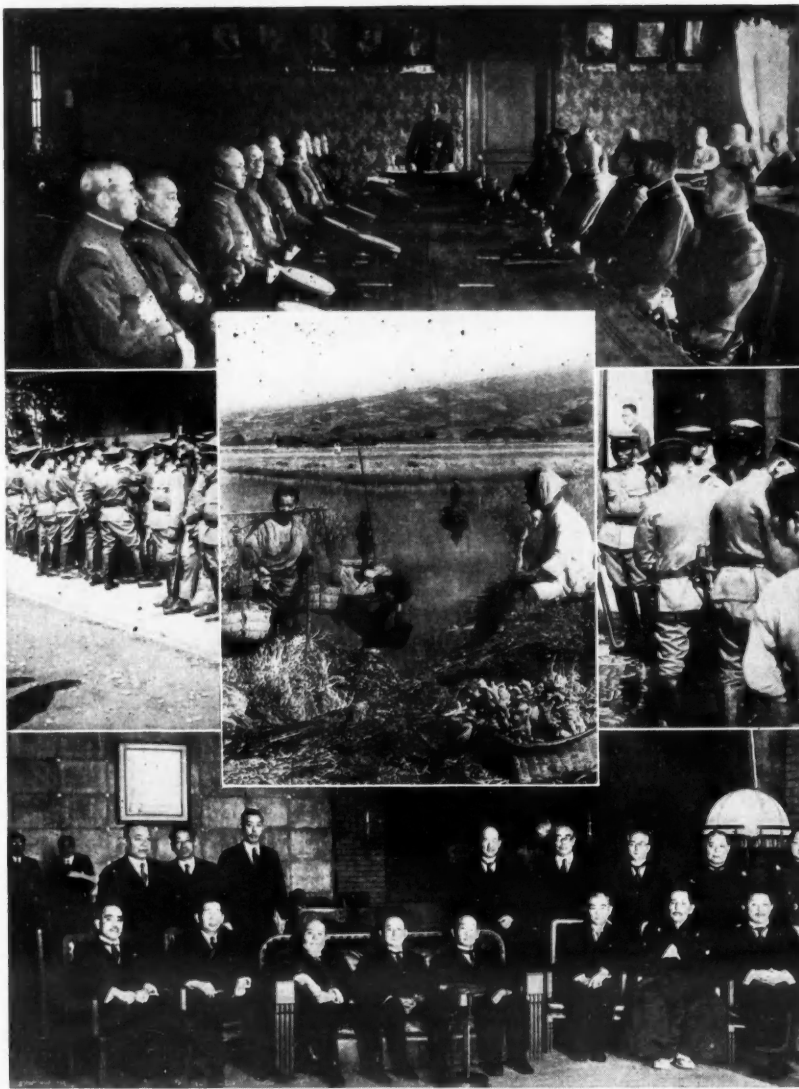
So much for the domestic difficulties behind the Japanese scene. In the international field, those who led the revolt have been somewhat more definite. As is generally well known, the more radical leaders of the military group have felt that the government has not taken a determined enough stand in dealing with foreigners. They believe, for example, that the move to annex North China by conquest should not have been stopped halfway as it actually was a few months ago. They believe that Japan should take a more forceful stand in dealing with Soviet Russia, which, they fear, will spread Communism throughout the Orient unless decisive action is taken to hold her in check. Naturally, so far as basic aims are concerned, most of the civilian members of the government are in agreement, only they favor working through diplomacy rather than military aggression. They, too, feel that Japan should largely control China, economically and politically, but they look askance upon the tactics of the military because of the dangers involved, particularly financial. It is not without significance that one of the victims of the assassins was the finance minister, Koreiyo Takahashi, who had been opposed to such heavy expenditures for the military branches of the government.

It should be pointed out that the militarists of Japan are not united on this subject. From 1932 to the present, for example, all Japanese premiers, including Okada, have been military men. Yet they have been considered too moderate by such members of the army as the young revolutionaries of last month. While, under the Japanese constitution, the military members of the cabinet, the ministers of war and the navy, are responsible solely to the emperor and not to the civilian members of the cabinet, even the premier, there are many in Japan who believe that they should be given even greater influence. Specifically, they want a condition created whereby the emperor cannot be misled by the “corrupt politicians.”

The Emperor

Although surface tranquillity has been restored to Japan, underneath the country is seething with discontent and the same conflicts and cleavages persist. The decisive figure is, of course, the emperor. In his hands lies the power to determine the future line of action. What will be the result of the recent uprising upon the emperor? Will he take heed to the demands of those who struck so dramatically at the parliamentary form of government? Or will he seek to punish them by refusing to heed their advice?

These questions remained unresolved in the immediate aftermath of the fray. Premier Okada, although his life has been spared, will probably not be allowed to remain in office. A new cabinet is now in the process of formation. It is thought likely that a strong cabinet will be formed; that the wishes of the army will be recognized by the appointment of a premier acceptable to it; that such a cabinet is essential in order to maintain peace and stability during the trying period ahead. For of the future one thing is certain: Japan is now entering critical days, both internally and on the foreign front.



—Photos copyright Acme, Wide World and Martin

JAPAN IN CRISIS

The plight of the Japanese people is at the root of the struggle between military and civilian forces in the government.

petent authorities on the Far East, G. E. Hubbard, writes in his “Eastern Industrialization and Its Effect on the West”:

Financial Rulers

... financial power has been mainly concentrated in the hands of a few great corporations which have gradually been built up in the feudal spirit under the aegis of families such as those of Mitsui, Mitsubishi, Yasuda, and Sumitomo, to name the four most outstanding examples. . . . these undertakings have prospered exceedingly with the result that today their ramifications extend into almost every department of Japanese economic life. Indeed, so vast are the aggregations of industrial and business capital which they control that altogether 70 per cent of all Japanese trade and industry is said now to be in the hands of 15 great houses. While much truth is contained in an observation . . . that “the whole state is one trust,” Japan might possibly be represented with greater accuracy as being in the grip of a financial oligarchy whose power to influence economic aims and development may be inferred from the significant fact that in 1933 of the country's entire banking capital 22.65 per cent was vested in three concerns, namely those of Mitsui, Mitsubishi, and Sumitomo, while five further concerns accounted for an additional 30 per cent. Thus in all, eight great firms account for over half of the country's banking capital.

Thus Japan has its Morgans and Rockefellers and Mellons. The Mitsui family, for example, possibly the outstanding example of economic power, controls such

picion that these powerful economic groups have used their influence for their own enrichment and for the detriment of the Japanese peasants and workers has had much to do with the recent conflicts between the military elements and the civilian members of the government. In order to compete in the markets of the world, Japanese industry has had to keep its labor costs down, and the workers have thus suffered from extremely low wages. In 1932, for example, the average wages for all workmen was but 28½ yen a month, roughly the equivalent of \$14 in American money. So desperate were the conditions of many workers—those comprising the fourth earning less than 10 yen a month—that many of them returned to the villages and the farms. There they have found little relief, for the Japanese peasants are hopelessly poor, living from hand to mouth and scarcely able to keep their heads above water, what with low prices and crushing taxes necessary to finance the government.

Now, many of the revolutionaries who participated in the recent assassinations belong to these two classes. They have often returned home to find their friends and relatives in desperate straits. For this plight, they blame the government—the politicians—who they think have been the tools or puppets of the financial and industrial lords and masters. While they have

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AROUND THE WORLD

France: The French Chamber of Deputies has approved the long-debated Franco-Soviet treaty of mutual assistance by a vote of 353 to 164. It is expected that the Senate will give its consent, and the pact will then formally take effect.

The treaty provides that France and Russia shall give immediate help to each other in case of attack by a European power. It does not pledge French assistance in case of an attack upon Russia by Japan, but is specifically restricted to Europe. By implication it is a defensive agreement against Germany and marks another step in the French effort to encircle the Reich with a ring of allied powers.

It was thought for a while that Germany would retaliate in one or more ways. She might declare that in view of the new treaty the Locarno Pacts, which guarantee the frontiers of Western Europe, could no longer remain in force; she might openly rearm the Rhineland which was demilitarized by the Versailles Treaty; or she might enter into an alliance with Italy, Austria, Poland, Hungary, and perhaps Bulgaria. Reliable reports indicated that Mussolini was anxious to draw Hitler into some such alliance, as it would help Italy to resist

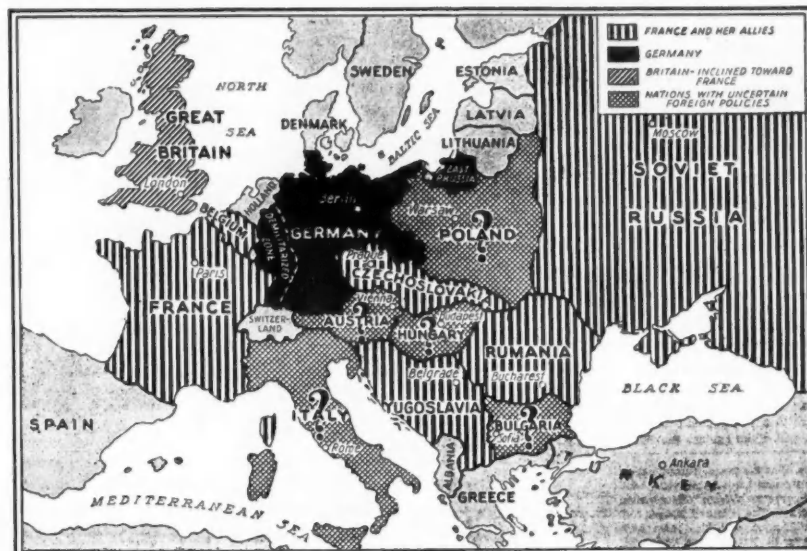
the throne, Edward refused to speak to his audience as "my subjects," or "my people," but called them "fellow men." Unlike his father, who made broadcasts from one of the palaces, Edward went to the broadcasting station to make his address, thus smashing another precedent. In his message, he assumed an air of the utmost informality. "I'm better known to most of you," he said, "as the Prince of Wales, as the man who during the war and since has had an opportunity of getting to know people in nearly every country of the world under all conditions and circumstances, and although I now speak to you as the king, I am still that same man who has had that experience and whose constant effort will be to continue to promote the well-being of his fellow men."

Some of the more tradition-bound Britishers were slightly taken aback by the informal tone of this address, especially so when the king said "over the radio," an American expression, instead of the British "on the wireless," and when he dropped the broad British *a* and used the more open American sound in pronouncing "broadcast."

Although the regular census in England was not normally taken until 1941, it has been suggested by a certain periodical there that the taking of the census be advanced to this year. The suggestion is based upon the assumption that England's population has now reached its peak and will therefore soon begin to decline. It has been noted that each generation during the past 60 years has been smaller than the preceding one, so that as older people die out and young ones do not take their place, the population is each year diminishing.

At the present time, there are 40,500,000 people in England and Wales. But that number, according to statisticians, will be reduced to 33,000,000 in 50 years. When 100 years have passed, only 20,000,000 people will live in England. These figures assume that the present average size of the family will be maintained. However, should the trend toward fewer children continue at the current rate, it is said that within a century, Britain will have but 5,000,000 inhabitants.

Ethiopia: In reporting the recent defeat which the northern Italian army inflicted upon the forces of Ethiopia (see THE AMERICAN OBSERVER, March 2), we noted that the most difficult task still lay ahead of Il Duce's generals. Mount Alaji, the strategic hill where the central plateau of Ethiopia begins its treacherous ascent, was yet to be occupied. It now appears that Marshal Pietro Badoglio was quick to follow up the advantage afforded him by his earlier victory. Without a shot, his



—Courtesy New York Times

THE FRENCH CORDON AROUND GERMANY

The Franco-Soviet treaty will draw the ring of French allies more tightly around Germany. Will Germany, Poland, Austria, Hungary, Bulgaria, and Italy eventually unite in opposition to the French camp?

troops took possession of this important slope. Then spotting the scattered and fleeing soldiers of Haile Selassie's most able general, Ras Kassa, the Italians gave pursuit. The retreating troops are said to have fought valiantly, but to no avail. The Italian victory was not to be doubted. Ten thousand Ethiopian warriors were either slain or wounded.

The King of Kings can now offer but little resistance. Only his private army remains to guard Addis Ababa from the advancing Italians. And against 300,000 soldiers whose enthusiasm has been whetted by conquest they are powerless.

As a result, it is likely that once more peace negotiations will be begun. Two previous attempts to end the war have failed. Last September, the League Committee of Five drew up proposals which recognized Italy's commercial interest in Ethiopia. But they were rejected by Mussolini as inadequate to the needs of his country. Later in the year came the suggestions of Sir Samuel Hoare and Pierre Laval of France. Their proposals may well have satisfied the Italian dictator but before they could even be given consideration, such a protest arose that Mr. Hoare was forced to resign as foreign minister, M. Laval remained in office only because nobody else in France wanted the job, and the proposals themselves were consigned to the diplomatic rubbish heap.

What the League of Nations will do now is at best a matter of conjecture. The special committee of 18 nations met in Geneva on March 2 to resume consideration of the proposal for an oil embargo.

Thus, unless a new and satisfactory peace plan is soon found, the League may yet apply its long-delayed ban on oil to Italy.

* * *

Russia: A graduate school, giving advanced courses in the art of propaganda, has been established at the Communist University of Moscow. Organized at the suggestion of Josef Stalin, the school will have 300 selected students who, after 15 months' special training, will be sent to organizations throughout the country.

There are various reasons for setting up this school. Soviet leaders feel that many of the peasants are not yet convinced of the value of collectivist farms. Though they have been forced to give up their private holdings, many of them still look forward to the day when they will once again be the masters of their cows and horses, their barns and fields. It is felt by many of the leaders of the Communist party that such an attitude on the part of the peasants is unhealthy and that it comes largely because they have never adequately understood the Soviet ideal.

Another reason for this school is reported to be the number of foreign enemies of the Soviet state. It is said that the best way to fight all opposition to Russia is through enlightened opinion. Consequently, it is essential that there be people fitted to spread knowledge of their government and the life that it promotes.

* * *

Rumors that Josef Stalin, Russian dictator, had been shot have proved to be false. The report gained currency when a Swedish surgeon made a fleet airplane trip to Moscow, recalling the occasion of Lenin's death, when another Swedish surgeon was summoned to the Soviet capital.

* * *

An election to determine whether the people of Estonia desired to continue under a dictatorship or to return to constitutional government resulted in an overwhelming victory for democracy. Out of a total vote of 770,000, 472,000 expressed their desire to do away with one-man rule.

* * *

Eduard Benes, chosen president of Czechoslovakia to succeed the retired Dr. Masaryk, has now relinquished the post of foreign minister which he held for 18 years. But since the new incumbent of this job has long been associated with Dr. Benes, it is not expected that the change will result in a different foreign policy.



MOON OVER MANCHOUKUO

—Independence (Kana.) Daily Reporter

League sanctions and to oppose British policy in the Mediterranean.

But Hitler apparently prefers to make no move for the present. He hesitates to offend France further, and he is working for the friendship of England. He realizes that the formation of a solid bloc of nations in opposition to France would restore the conditions which preceded the World War. It would divide Europe into two hostile camps and would almost certainly hasten another conflict. Moreover, any understanding with Italy would oblige him to give up his claims on Austria.

Despite the Franco-Soviet treaty, Hitler is anxious to reach an agreement with France which would promise peace to that country, but which would free *Der Fuehrer's* hands in Eastern Europe. If he were assured of French neutrality, he could push the Nazi dreams of expansion eastward at the expense of the Baltic nations and Russia. But the French feel that peace at such a price might be too costly. It might result in an infinitely more powerful and enlarged Germany—a greater menace to French security than ever. France seems to be convinced that her best interest lies in supporting Russia. She also hopes to retain the friendship of Italy—now strained because France has felt bound to support, however reluctantly, Britain's demand for League sanctions against Italy—and thus allied to insure peace in Europe.

* * *

England: King Edward VIII, renowned for the traditions he broke while Prince of Wales, has continued in the same path since taking over the kingship. Last week, in his first broadcast since his accession to



THE POPULAR FRONT MARCHES

Thousands of Socialists, Communists, and radicals demonstrated in Paris recently in protest against the Fascist attack on the Socialist leader, Leon Blum.

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© Ewing Galloway

THE FARM PASSES FROM AAA TO SCADA

President Roosevelt has signed the Soil Conservation and Domestic Allotment Act, which will seek to bring "parity of income" to the farmer. It is unlikely that the new program will be designated by its initials, which are less simple and less catching than AAA.

Relief Work Issue

Senator Rush D. Holt of West Virginia, 30 years old, youngest member of the Senate, Democrat and New Dealer, has kicked over the traces with an issue which brings plenty of trouble to the Roosevelt administration. He says that WPA funds in his state are being misused. He charges that those who seek WPA jobs must obtain the approval of a county Democratic boss; that a third of the state's relief allotment is used for administrative purposes in order to supply white collar jobs to politicians; that relief funds are being distributed, not where they are most needed, but where they are likely to do the most good in the next election. Mr. Holt read to the Senate letters and papers to prove his charges. Senator Matthew M. Neely, Democrat, of the same state, disputes these charges. Claims are made that Senator Holt is pushing his attack simply because he feels that he does not have his share of influence in making political appointments.

The justice of charges of this kind is hard to determine. There are reports from many states to the effect that relief work is being mismanaged, and that the funds in some cases are being used for political purposes. At the same time there is little doubt that Secretary Ickes, who has charge of the larger projects of the PWA, and Mr. Hopkins, who has charge of the smaller projects which come under the WPA, are both active and energetic in their efforts to prevent graft or misuse of funds. But when organizations which spend great sums of money must be formed quickly, as the organizations which have charge of the WPA and PWA work have been, there will inevitably be much misplaced effort, much waste, and some graft.

The really important question is whether the work of relief, which most people regard as necessary, can be handled most efficiently and honestly by a federal organization, such as the PWA and WPA, or by state administrations. Governor Landon of Kansas, who stands out in front as a Republican candidate for the presidential nomination, argues that while the national government should give assistance in the work of relief, the actual administration of the funds should be carried on by the states. He argues that this would eliminate waste and result in greater efficiency. Many people hold, on the other hand, that state officials are more likely to indulge in waste and petty graft than federal. The issue is an important one and should be debated freely during the campaign.

American Foreign Policy

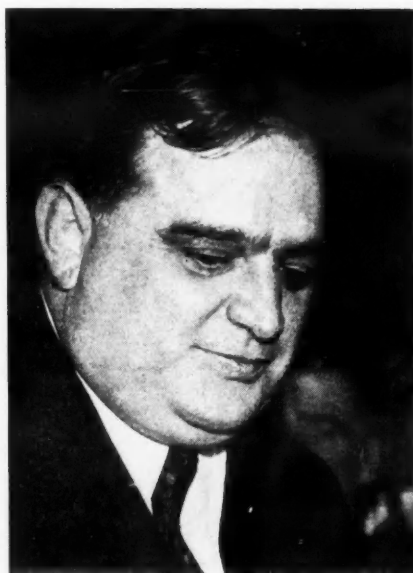
The compromise neutrality law (see THE AMERICAN OBSERVER of March 2) has been signed by the President and put into effect. If unchanged, it will govern American action respecting trade with warring nations until May 1, 1937. During that time the American people will have a chance to study problems of American foreign policy and decide whether this plan which has been adopted is satisfactory enough to be made permanent. The following editorial from the New York Times

presents quite forcefully the view that our policy should be changed; that America should not undertake to be neutral when a foreign nation wages a war of aggression, but should take sides against the aggressor. Here is the editorial in full:

If the United States were playing an active and responsible part in efforts to put an end to war, it would not be helping Italy fight a war by selling her oil, copper, trucks, tractors, scrap iron, scrap steel and other essential war materials and supplies, without which the conquest of Ethiopia would be impossible. Our policy would be to forbid the shipment of such goods to Italy, on the ground that her invasion of Ethiopian territory constituted a clear violation of the Pact of Paris, a treaty sponsored by our government, binding its signatories to renounce war as an instrument of national policy. Such an embargo, applied to Italy as the offender in the case, would not be an act of neutrality, and if we were frank, would not be masked as such. Rather, it would be a plain and unequivocal refusal on our part to help arm a nation which had been unmistakably identified as an aggressor, after consultation with other signatories to the Pact of Paris.

This is American foreign policy as it would be if the Pact of Paris were genuinely "implemented." As matters stand, our policy is something very different. Under the terms of the new neutrality act, which the President has now signed, we merely embargo the shipment of actual war weapons to both Italy and Ethiopia—treating aggressor and victim on terms of absolute impartiality—and meantime forbid American ships to transport such weapons to either belligerent and American citizens to loan funds to the Italian and Ethiopian governments.

Against the view expressed by the New York Times, and approved by a considerable number of people, is the opinion that America can gain nothing by choosing between nations which are fighting by deciding which is the aggressor and by taking sides in the conflict. It is argued that such a course will inevitably get us into war and that the wars we fight against supposed aggressors will contribute nothing to world peace or democracy or our own welfare. Such is the argument in favor of



© Harris and Ewing

FIORELLO H. LA GUARDIA

Who begins his third year as mayor of New York City

The Week in the

What the American People Do

strict American neutrality when other nations are fighting—in favor of according the same treatment to all belligerents unless we decide, for purposes of national interest, to declare war on one of the participants.

among a people who have any degree of political judgment.

Changing Opinions

Should power be centralized in the federal government or in state governments? That is a question upon which the American people have been divided since the earliest days of the republic. At the beginning there was a Federalist party, favoring strong national power, and a States' Rights party which thought that the states should be powerful and that the central government should be weak. During most of our history, New England and the northeastern states have favored strong federal powers, while the South has insisted upon states' rights. A great war was fought 75 years ago largely on that issue, with the South denying that the national government had power to free the slaves or to force states to remain in the Union against their will, and with the North insisting upon a strong national union which had power to free slaves, to enact tariff laws, and do other things which the South questioned its right to do.

Now the issue of strong national powers versus wide state authority has come up again. The present question is whether the national or state governments should take the lead in regulating industry, protecting the interests of labor, and assisting the farmers.

The Institute of Public Opinion, whose polls to determine what the people are thinking on various subjects have been referred to in these columns a number of times, has conducted a straw vote throughout the nation to find out what the people are thinking today on the question of centralization of power. This poll shows that 56 per cent of the people favor a centralization of power in Washington, while 44 per cent oppose federal centralization and favor a rigid protection of states' rights. More interesting than these figures for the entire nation, is the result of the poll by sections. The figures show a reversal of the traditional sectional sentiments. New England is now the only section opposing centralization in the federal government. It votes 53 per cent to 47 per cent for increasing power in the states. The South, on the other hand, votes 58 per cent to 42 per cent for centralization in Washington. All the other sections except New England are for national centralization by varying majorities.

This indicates that the first concern of the people of any section is for its economic interests. If at any time the people of a section feel that their interests will be better cared for through strong congressional action, they will advocate strong national government. If, on the other hand, at any time they feel that the government at Washington may do things which will injure them, they will be in favor of a weaker national authority. They may think that they are loyal to some particular form of government. They may think that their great interest is in a strong national government or in states' rights, but interests of that kind are likely to be mere afterthoughts. At any given time people will favor the kind of government which they think will serve them best.

By doing this they are only showing themselves to be sensible. The people of any section would be very foolish or stubborn if they continued to advocate some particular theory of government when it no longer served their interests. The test of any system or balance of powers is the effectiveness with which it serves the welfare of people. It would, of course, be better if the people of every section would think of the interests of all the people of the nation as well as their own sectional interests, but there is nothing wrong or foolish about their shifting back and forth on the issue of centralization in Washington versus the state capitals. It is only natural that there should be such shiftings of opinion

The Weather

One hears a great deal of unscientific discussion of the weather. Whenever there is a hard winter, such as the one the country has just experienced, or a great flood or drought, many people remark that nothing of the sort has ever before happened in history, and they talk of permanent climatic changes. As a usual thing such predictions may be discounted, but now and then, meteorologists can discover evidence of changing conditions



of weather. Government weather observers in Washington say that, while there is nothing certain about it, there are indications that we are entering a period, when, for a number of years, the winters may be more severe than usual. The winter just now passing has certainly been. A cold wave enveloped most of the nation from the middle of January until February 22. The temperature averaged from 12 to 30 degrees below normal during this time in nearly all the states east of the Rocky Mountains. Only three states—California, Nevada, and Arizona—enjoyed winters warmer than normal.

Frank Discussion

Twenty-nine St. Louis high school seniors participated recently in a frank discussion of the New Deal. Their classroom was the stage of a large auditorium, and their audience consisted

United States

Doing, Saying, and Thinking

posed of 5,000 school administrators from all parts of the country, gathered in St. Louis for the annual convention of the Department of Superintendence of the National Education Association. The purpose of the demonstration was to show how freedom of speech can actually work in a classroom. The students told that they thought about the Constitution and the Supreme Court and voted by a large majority against the Court's decision on the AAA. Wide varieties of opinion were expressed. One boy called the New Deal a "three-year experiment in socialism at a cost of \$24,000,000,000," while another defended the administration, saying that "if the New Deal could have a redeal with the cards unstacked—with



AND TOWER OF BABEL.

—Hungerford in Toledo Blade

power to carry out the NRA and the AAA—it would be a great success."

The students felt that their teacher should present the facts on controversial issues, and even his own opinions, but that he should not try to convince them that his way of thinking was necessarily the right way.

Official Terrorism?

The case of Major General Johnson Hagood has stirred up a storm of discussion and criticism. The general, who had a rank in the army second only to the chief of staff, was called before a committee of the House of Representatives last December to discuss housing needs in the army posts under his command. He told of the needs of the army and complained that WPA money, which he insisted was used freely for projects of little use, could not be obtained to improve conditions at the

army posts. He spoke very sarcastically about the WPA and the expenditures which are being made in the CCC camps.

Now it is considered a very serious offense for an army officer to make any public comment of a political nature. Army discipline forbids officers to take part in politics. There are two reasons for this. In the first place, the American people are determined that the army shall not exert influence in politics as it does in many other countries. In the second place, it is essential in time of crisis that the army should command the absolute loyalty of all the people and it could scarcely do this if it were led by partisan generals. It is customary therefore, when an army officer speaks publicly on a controversial political issue for him to be punished. The chief of staff of the United States army, Major General Malin Craig, thought that General Hagood's breach of discipline justified stern punishment. So he recommended to the War Department that the general be relieved of his command, and Secretary of War Dern approved the order.

Then a cry went up that an honest army officer was being punished for telling the truth about the mismanagement of the government's funds. His was said to be a case of official terrorism against any person in the government who ventured to criticize the policies of the party in power. Critics of the War Department's action point to the fact that General Hagood was not making what he considered to be a public statement. He was speaking to a committee of the House of Representatives behind closed doors—a committee which had requested him to give his testimony. To balance these serious criticisms, one must take account of the chief of staff's assertion that this was not General Hagood's first offense; that for 18 years his tactlessness had been an army problem.

Such are the pertinent facts and arguments relating to a case of army discipline which is attracting nation-wide interest.

Unemployment Increasing

The American Federation of Labor has estimated that the increase in unemployment was greater this January than in any other January during the last five years. A total of 12,626,000 men were said to be unemployed in January, an increase of 1,229,000 over the number for December. Last year's increase from December to January was little over half as great.

William Green, president of the A. F. of L., said that "to lose ground to such an extent at this time is nothing short of tragic." Mr. Green cited several possible reasons for the increase in the number of jobless. Among them was the regular January seasonal slack in manufacturing operations. But most important was the average three-hour lengthening of the workweek during the last half year. This, Mr. Green felt, has caused the loss of more than 1,000,000 possible jobs.

"The Nation" in New Dress

With the March 4 issue, *The Nation*, one of America's oldest weekly magazines, came out in a new form, expanded in size, and revamped so as to make for greater "clarity, vigor, and legibility." Many new features have been added to the magazine, and a new board of editorial associates, composed of Oswald Garrison Villard, for years editor and more recently contributing editor, Heywood Broun, the noted columnist, and Alvin Johnson, head of the New School of Social Research. This board will "advise on policy and planning."

Although changed in form, *The Nation* will not be changed in editorial policy. It will still remain in the top ranks of liberal magazines dealing with contemporary economic and social and political problems, national and international. The changes were intended, apparently, to make the periodical more attractive to a wider audience, for its circulation has never been enormous.



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MUSICIANS' LOBBY

Rudy Vallee, Irving Berlin, George Gershwin, and Gene Buck, members of the American Society of Composers, Authors and Publishers, who attended House Committee hearings on the Duffy copyright bill.

The Nation has had an eventful history. It was launched in 1865 and for a long time was under the editorship of E. L. Godkin, a famous journalist of the post-Civil War period. It has always been high-minded and scholarly. For years it was the weekly magazine upon which college professors of a liberal turn of mind placed chief dependence. It was not, however, liberal in the economic sense. It did not stand for labor as against capital. It was not touched at all by radicalism of any sort.

A change came in *The Nation* during the World War. Its owner, Oswald Garrison Villard, a relative of William Lloyd Garrison, the abolitionist, assumed the editorship and changed the policy of the journal. He turned it in the direction of advanced liberalism. Conservatives would call it radical. It espouses the cause of labor and recommends drastic action to correct the economic maladjustments confronting the United States.

Since this change in policy there has naturally been a change in the location of the magazine's support. The conservative, elderly college professors no longer like it, but it has secured a large body of young, liberal supporters.

Musicians' Protest

Such well-known figures as Rudy Vallee, Irving Berlin, George Gershwin, and many others in the field of entertainment appeared recently before the Committee on Patents of the House of Representatives. They were there to protest against enactment of the Duffy copyright bill, already passed by the Senate. The bill would change the law so as to amend the present provision that requires those who play copyrighted music in public for profit to pay royalties to the composers. The minimum royalty fees would be reduced under the proposed law. The composers were unanimous in

favoring another bill which would tighten the provisions of the copyright law in order to give them greater benefits.

In Brief

A survey was recently conducted to show what happened to NRA standards for wages and working hours after the NRA was declared unconstitutional. In 1,912 companies employing more than 977,000 workers, the NRA standards were maintained. In 1,448 other firms, employing more than 405,000 people, there was either an increase in working hours, a reduction of wages, or both.

The National Resources Committee has placed an economic valuation of over \$1,000,000,000 per year on American wild life.

In the midst of heated arguments for and against, the Chicago City Council has taken the city off Central time and put it on Eastern standard time. It means an extra hour of sunshine every evening after work and added convenience for businessmen and brokers with New York offices. The railroads, contending that a change would skyrocket operating expenses, have refused to alter their time schedules. Many Chicago women also are against the change because it means "pushing the morning back into the night."

The state of New York had the lowest death rate in 50 years during 1935. The improvement was attributed to the fact that the health of families on relief (one-sixth of the entire population) was supervised and cared for. Ordinarily the poorer families cannot look after health properly because of the cost involved.

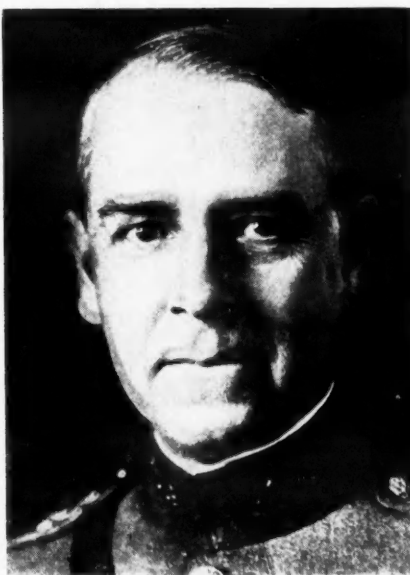
Names in the News

Owen D. Young, chairman of the advisory council of the National Broadcasting Company, recently made a plea for greater restraint in political radio speeches. Mr. Young felt that violent and inflammatory remarks had no place on the radio. In place of "dirty digs" and calling names, Mr. Young advocated "the choice word and the measured phrase."

Frank E. Gannett, newspaper publisher, has been named as Senator Borah's choice as running mate in the drive for the Republican presidential nomination.

Wilhelm Furtwaengler, world-famous symphony and opera conductor, has been named director of the New York Philharmonic Symphony Society for the coming season. He is to take the place of Arturo Toscanini, who resigned recently.

Claude G. Bowers, American minister to Spain, has been recalled to take part in the Democratic campaign. He is a particularly effective political speaker.



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MAJOR GENERAL JOHNSON HAGOOD
Whose criticisms of the New Deal have given rise to a political controversy.

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

Politics of 1896 and 1936 Campaigns

IF THE political campaign in which we are now entering—and which will break loose with all its fury in a few months—may be compared to any other in American history, it is certainly the political battle of 1896 when William Jennings Bryan and William McKinley went to bat for the presidency. Never before in American history had the business interests been more solidly lined up against a candidate than they were against the Boy Orator from Nebraska, as Bryan was derisively called. Never before had a political campaign sunk to such levels of calumny, mud-



DAVID S. MUZZEY

slinging, and outright dishonesty. Although on both sides it was called a "campaign of education," it was in reality anything but that, and the tactics used by both sides were such as to stir emotions and hatreds rather than to educate the people concerning the issues of the day.

Whether the present campaign will be carried to such extremes is hard to tell. Certainly it has started off at a gallant pace and many on both sides have been splattered with the generous slinging of mud. Insofar as the coming campaign may be judged by the present lineup of political forces, it may be said to resemble that of 1896 in one essential feature. The business elements are as unanimously opposed to the reelection of Franklin D. Roosevelt in 1936 as they were to the election of William Jennings Bryan in 1896. And the President himself has contributed no little to that opposition, for both in his message to Congress this year and in his Jackson Day address he made it plain that he intended to represent the interest of the masses—the workers and the farmers and the downtrodden—against what he calls the forces of privilege and entrenched greed.

Campaign of 1896

The campaign of 1896 has been described as one of "the masses against the classes," and certainly no phrase so aptly characterizes it. An English observer of the time, bitterly hostile to Bryan, declared that "Bryanism is a vast cave of Adullam, in which are combined all the distressed, all the discontented, all who have nothing to lose and may hope to gain by a general overturn." Bryan was dubbed an anarchist, a puppet of Debs, the revolutionist, and in private conversation unprintable epithets were hurled at him. The radical wing of the Democratic party had captured control and was out in dead earnest for the scalps of the "plutocrats." Conservative Democrats, followers of Cleveland, deserted the party, many of them voting the Republican ticket and others, in the language of today, "taking a walk."

On the Republican side no stone was left unturned in the effort to instill fear in the hearts of the people at what might happen if Bryan won the election. Under the able leadership of Mark Hanna, the business community was rallied to the Republican banner. As the historian Rhodes tells us, "he (Hanna) raised the necessary funds. Soon gaining the confidence of New York City financial men, he obtained from them important contributions to his campaign. Some concerns were assessed by Hanna according to what he conceived to be their financial interest in the canvass, a uniform assessment of one quarter of one per cent being levied on the banks. He systematized the expenditures and had the books kept on true business principles. The Republican National Committee spent between three and

three and a half millions and had also in reserve a guarantee fund which was not called upon."

But Hacker and Kendrick in their excellent work, "The United States Since 1865," paint a graphic picture of the depths to which that famous political campaign sank. Here, in part, is what they say about activities of both parties:

To call the campaign of 1896 a process in mass education, as has so often been done, is palpably an absurdity. Homer Davenport's cartoon of Hanna, as a gross figure covered with dollar signs, had nothing to do with education. The ingenious little tract, which the Democrats circulated in extraordinary quantities, called *Coin's Financial School*, with its crude woodcuts of bloated plutocrats and starved sons of toil, and its pat arguments; this could be called education only by the most generous definition. Hanna's special train of aging Civil War heroes who toured the Middle West in a cloud of patriotic oratory—there was no education here. Everything that was done in the campaign was calculated to awaken passions, evoke fear, mobilize popular sentiment.

Then, in speaking of the tactics used among the classes most favorable to Bryan's election, the workers and the farmers, these authors add the following comment:

To diplomacy there was added terror. In the closing days of the campaign, the word was broadcast that Bryan's election would bring swift disaster. Farmers were informed that mortgages would not be renewed; workmen were told that factory gates would be shut in the event of Bryan's election; businessmen, in placing orders for goods, made acceptance contingent upon a McKinley victory. These factors undoubtedly must have helped determine the final result.

Present Lineup

Of course, it would be a mistake to draw too close an analogy between two historical events, and certainly comparison between the campaign of 1896 and the present could be carried too far. Nevertheless it is a fact that, in the main, the forces lined up against the present occupant of the White House are essentially the same as those who opposed the election of Bryan. It is not without significance that today we have an American Liberty League, composed of the cream of American industry and finance, whose principal reason for existence is the defeat of the policies inaugurated by the present administration. Symbolic of the present conflict of interest is a news story which appeared a few days ago in the *New York Times*. The President, it will be remembered, had gone to Harvard University to attend the initiation of his son into one of the exclusive clubs of the campus to which Mr. Roosevelt himself belongs. Membership in the club is composed largely of what might be called the upper stratum of American society. Here is what the *Times* reporter says of the dinner:

Despite the prestige surrounding the presidential office, the club members welcomed Mr. Roosevelt as an old friend, of the same environment and educational background. And yet observers noted a curious contrast in the fact that hardly a man of the 300 graduates and undergraduates present but was sincerely opposed to the present administration in toto.

To call the present campaign "a process of mass education" on the fundamental issues of the day is to ignore the facts as completely as it is to give such an appellation to the battle of 1896. Already both sides have been guilty of smearing each other with mud. Accusations have been made that the present administration is seeking to align "the masses against the classes," and counter charges are made that the party out of power is trying to restore the old order with all its vicious practices.



FROM AN ILLUSTRATION IN "LET FREEDOM RING"

Among the New Books

A First Mystery

"The Red House Mystery," by A. A. Milne. (New York: Dutton. \$1.00.)

READERS familiar with Mr. Milne's children's books will perhaps be surprised to meet him as the author of a chilling murder mystery. As he explains in his introduction, he wrote "The Red House Mystery" purely for the satisfaction which he himself derived from writing it and hoped his father would receive from reading it.

Mr. Milne did not wish his hero to be a professional detective. He wanted him to be an average person so that the average reader could reason along with him. Antony Gillingham, however, is an exceptionally astute "average" person. If you follow his obvious deductions as they are set down page by page you will be fooled oftener than not.

"The Red House Mystery" was first published 14 years ago and was a great success. This less expensive edition is the first printing in 10 years.

Echo of Gastonia

"Let Freedom Ring," by Albert Bein. (New York: Samuel French. \$1.50.)

THE characters in this play are mountaineers: men and women, and children, whose whole heritage has developed in the North Carolina hills since first their ancestors came to this country. They are, excepting the Indians, the most truly "American" of all the peoples in these United States. They are, for the most part, courageous, honorable, instinctively fine.

They have fought with a meager earth to win their living. They have been cheated out of their land by "furriners"

less honest than themselves. When famine crept upon their doorsteps they have torn up their roots from the mountains and tramped down into the towns to seek work in the mills. There they have labored long hours at starvation wages, been bled at the "company store," and crushed by the squalid "company houses" they were forced to rent. They have seen their kin wither away from pellagra, and others assassinated or mangled by defective mill machinery.

Some have become saddened, some bitter, but their spirit of independence, so deeply ingrained, they have not lost. "Let Freedom Ring" is the clarion call to the assertion of that independence. It is an intensely stirring call.

Sweden's Way Out

"Sweden: The Middle Way," by Marquis W. Childs. (New Haven: Yale. \$2.50.)

IN THE midst of the clamoring voices on all sides of us today, it is good to read this book. It tells of a country which has had to face, on a lesser scale, many of the difficulties that now stand in the path of American progress. It tells of a country which has achieved a high degree of civilization (not to mention defeat of the depression) because its people have dealt with national problems sanely and intelligently, being willing to compromise when compromise was necessary.

This willingness to compromise, and the spirit of cooperation existing between the state and private industry, are two factors in the Swedish system which seem incredible to an American. Of course, private industry in Sweden raises a lusty yell whenever it believes its territory is about to be poached upon by the government. The important point is that the state has made itself a compelling influence in the economic life of Sweden over a period of years. Government entered into competition with private industry many years ago; it has slowly and gradually, but inevitably, increased its scope. Today the state owns 10,793,900 acres of forest, more than one-tenth of the total land area of the country. The lumber business, with its ramifications, is Sweden's principal business; in this the government competes on equal terms, and successfully, with private companies. There is an excellent national power system which has functioned effectively since 1909. The government has attacked the housing problem in such a way that there are now scarcely any slums in Sweden. There are many other cases of state enterprise.

Coöperative societies, with a basis of production for use rather than profit, have proved of incalculable value to the consumer. These organizations have been founded by the consumers themselves. Over 20 per cent of wholesale and retail trade in Sweden is carried on through coöperatives.



KING GUSTAV V OF SWEDEN

From an illustration in "Sweden: The Middle Way."



TALKING THINGS OVER

The President's new tax program. Should the budget be balanced at this time? If so, should it be done by increased taxes or by drastic curtailment of expenditures?

THESE three imaginary students will meet each week on this page to talk things over. The same characters will continue from week to week. We believe that readers of THE AMERICAN OBSERVER will find it interesting to follow these discussions week by week and thus to become acquainted with the three characters. Needless to say, the views expressed on this page are not to be taken as the opinions of the editors of THE AMERICAN OBSERVER.

John: I see that President Roosevelt has recommended a big increase of taxes. That will make him more unpopular than ever, and it should. The people are already bearing terrific tax burdens. Now they are told that they must bend their backs a little lower. They will see now what the insane spending of the Roosevelt administration is costing them.

Mary: You are referring, I suppose, to the message which the President sent to Congress last week telling of the need for additional taxes. It doesn't seem to me that his request is at all unreasonable.

Charles: I didn't read the message. Just what did he call for, Mary?

Mary: The President asked Congress to raise money in addition to the amount he suggested in his January budget message. He says that the additional sum needed is \$786,000,000 for the next three years. After that \$620,000,000 a year will be needed. He puts it up to Congress to decide how the money is to be raised.

Charles: What is this money to be used for?

Mary: Mr. Roosevelt wants Congress to raise \$166,000,000 a year for three years, or half a billion altogether, to pay the cost of helping the farmers this year, 1936. Provision had already been made for this cost. It was being met by processing taxes under the AAA, but the Supreme Court held them unconstitutional. Now, taxes must be levied to take the place of them or else the money must be borrowed and that would throw the country further into debt. The President wants us to pay the cost of farm relief as we go, but he doesn't ask that the whole loss of half a billion caused by the scrapping of the processing taxes be made up this year. He does want it to be met within three years though, so that by that time the debt will be no greater than it would have been if the AAA had not been declared illegal.

That accounts for the \$166,000,000 a year for three years. In addition the government should raise half a billion dollars for assistance to the farmers next year—the year closing June 30, 1937. Congress is now making provision for all government expenses during the fiscal year 1937 and this half billion farm expense is one of them. This money was to have been raised by the processing taxes but since they have been ruled out some other tax must be substituted. This half billion will be a regular expense year after year so long as the government is obliged to help the agricultural industry.

Then there is the additional expense of the government which comes from the fact that Congress passed the bonus bill. The bonus was to have been paid in 1945. Taxes to the amount of \$160,000,000 a year have been collected right along to build up a fund sufficient to pay the bonus in 1945. The President figures that the new bonus act will place an additional cost upon the government, and hence upon the taxpayers, of about a billion dollars. He does not ask that all this difference in cost be made up this year, but he wants it to be made up by 1945. During the next nine years, therefore, he wants Congress to levy about

\$120,000,000 of taxes a year. In other words he wants \$280,000,000 a year collected instead of \$160,000,000. Then by 1945 the bonus charges will be out of the way without any further increase of the national debt.

So the additional taxes amount altogether to \$786,000,000 a year for three years; \$666,000,000 for farm relief expenses, and after that to \$620,000,000, half a billion being for permanent farm relief and the rest to pay the bonus. But all except the \$120,000,000 a year for the bonus consists merely of a substitute for taxes which had already been levied. It is not a new tax at all.

John: My point is that if the administration were not so extravagant in many ways it would not have to spend so much of the people's money. Perhaps if the money is to be spent it had better be raised in additional taxes instead of being borrowed. It is a bad thing to go on borrowing money. That will ruin the credit of the government in time. It will bring us to national bankruptcy and will lead to inflation. The government will come to the place where it can't borrow any more money—can't sell its bonds—then it will print paper money. That will cause the value of our paper dollars to fall. A dollar will not buy so much. In other words, prices will skyrocket upward, and we will all be financially ruined.

So perhaps we should add to our taxes instead of borrowing, but it's a mighty bad thing to have such heavy taxes. We can't go on increasing taxes indefinitely. We are already bearing a burden about as heavy as we can stand.

Charles: I don't know about that. Our taxes are by no means as high as the British. I ran across some interesting figures on that point the other day in a pamphlet called "Recovery Unlimited," by Chester T. Crowell. He got the figures, I believe, from a report on British and American taxes submitted to a committee of Congress some time ago. Listen to this comparison:

The British tax on spirits is \$12.86 per gallon; American \$2.00. The British tax on beer is \$14.35 per barrel; American \$5.00. The British tax on cigarettes is 11 to 14 cents per package; American 6 cents. The British tax on amusements begins with an admittance charge of 4 cents; American at 45 cents. The British tax on an admission ticket costing 40 cents is 28 cents; American nothing. British minimum license fee on a privately owned automobile is \$20, with an additional charge of \$5 for every horsepower or fraction thereof in excess of six horsepower. British local property taxes average about \$3.12 per \$100; American

\$2.19. British national per capita tax (1934) was \$74.29; American \$23.69. British combined national and local per capita tax was \$99.11; American \$74.37. British national debt per capita for 1934 was \$850; American \$215. British total per capita debt, national and local, for 1934 was \$991; American \$370. British income tax is paid by one out of thirteen of the population; American, by about one out of seventy. British basic normal rate of income tax, 11¼ to 22½ per cent; American, 4 to 8 per cent.

Let us go further with this comparison



THE TORTOISE AND THE HARE AGAIN
—Memphis (Tenn.) Commercial Appeal

and see how heavy our income taxes are in comparison with the British. Here is a table which you might examine. It shows what Americans pay under their law of 1934 and what the British pay under their law of the same year. This table gives the payments made by a married man, without dependents, all "earned income." It shows the tax on certain incomes, specified in the first column:

Net Income	United States Revenue Act of 1934	Great Britain Finance Act of 1934
\$ 1,000	\$ 0	\$ 5.63
1,500	0	50.63
2,000	0	95.63
2,500	0	182.81
3,000	8	272.81
3,500	26	362.81
4,000	44	452.81
4,500	62	542.81
5,000	80	632.81
6,000	116	812.81
7,000	172	992.81
8,000	248	1,195.31
9,000	329	1,420.31
10,000	415	1,645.31
12,000	602	2,205.31
14,000	809	2,785.94
16,000	1,044	3,414.69
18,000	1,299	4,084.69
20,000	1,589	4,754.69
25,000	2,489	6,704.69
30,000	3,569	8,792.19
40,000	5,797	13,242.19
50,000	8,869	18,242.19
60,000	12,239	23,517.19
70,000	16,104	28,792.19
80,000	20,494	34,204.69
100,000	30,394	45,304.69
200,000	87,019	104,929.69
500,000	263,944	294,804.69
1,000,000	571,394	613,554.69

John: Those income tax figures are very interesting. They show that the United States government already taxes the rich about as heavily as the British government does. Probably both governments get about as much out of the wealthy as they can. If we in America are to raise more money than we are raising, we must do it as the British are doing; that is, by soaking the poor. We must make the man with \$1,000 a year pay, and we must put heavy taxes on movie tickets and everything else that poor people use. Yet the Roosevelt administration doesn't dare to do that. It hasn't even suggested it. So where is it to get the money?

Mary: That's the problem with which Congress is wrestling.

John: Yes, because your idol, President Roosevelt, dumped the problem into its lap. He had no answer himself so he passed the buck to Congress.

Mary: After all, isn't it the business of Congress to decide on means of raising revenue?

Charles: Let's take this question up again after Congress gets at the job. It's late now and I must be getting on.

THOUGHTS AND SMILES

"Dollar Is Weak."—Headline. Shucks! We'd take one even if it couldn't lift its head.
—New York Sun

Smart new spring suits for women, a style note explains, will have the "hunter look." We give three guesses as to who will have the hunted look.
—Boston Herald

It is a good thing for humanity if all ideals are not realized immediately.
—Adolf Hitler

The New York Times carries all the news that's fit to print and some about the current weather.
—Detroit News

There is no doubt that Mr. Roosevelt is losing ground, but the mystery is, to whom is he losing it?
—Life

"When you are not accustomed to getting up at 6:15 a. m., it seems like a very early hour," said Mrs. Eleanor Roosevelt yesterday. Not nearly so early, my lady, as it seems when you are accustomed to getting up at that hour.—F.P.A. in the New York Herald-Tribune

Owen D. Young appeals for "measured phrase" in political broadcasting. So the spellbinders are to be put on a meter service?
—Indianapolis Star

These economists don't worry us. They are all educated beyond their intellects. They've got the opinions, but we've got the votes.—Rep. J. S. McGroarty, California, Townsend Plan leader in Congress.

No wonder women quit crying and took up swearing. There is nothing left to cry for and plenty to swear about.
—Buffalo Evening News

Secretary Ickes intimates that there is an Ethiopian in the Liberty League woodpile. It wouldn't be Ras Kob, would it?
—Boston Herald

There's one place America could stand a little erosion—in some of its current novels.
—St. Paul Daily News

We are not going to make any vague promises that cannot be fulfilled.
—Dr. F. E. Townsend

While the motives of the Chicagoan who stole a book of Gertrude Stein's poems are obscure, the fact remains, A thief is a thief is a thief.
—Detroit News

Woman (to friend): "Henry wants me to take a trip around the world, but I'd rather go somewhere else."
—THE NEW YORKER

SOMETHING TO THINK ABOUT

1. Do you think it possible that the railroads might make more money, even though their passenger rates are to be reduced? How?

2. Explain the causes of the decline of the railroads since 1920.

3. Do you think government ownership and operation of the railroads would solve their economic difficulties?

4. In what respect were Japan's internal economic problems linked to the recent assassinations in Tokyo?

5. What points of similarity do you see between the economic development of Japan and that of the United States?

6. Why do many militarists of Japan feel that the politicians have constituted an "evil influence surrounding the emperor?"

7. What are the main criticisms leveled against the Works Progress Administration? How do you think the federal government should handle the unemployment problem?

8. In your opinion, should the federal government make an attempt to balance the budget as soon as possible? If so, what method should it follow, increased taxes or reduced expenditures? If increased taxes, what kind?

9. Do you see in the Franco-Russian treaty a sign that Europe is returning to its prewar system of alliances?

10. What is the main point of similarity between the political campaign of 1896 and the present campaign?

PRONUNCIATIONS: Arturo Toscanini (ar-too'roe toes-ka-nee'nee), Wilhelm Furtwaengler (veel'helm foort'vaeng-ler), Eduard Benes (ed-ward' beh-naish'), Keisuke Okada (kay-skay oh-kah-dah), Koreiyo Takahashi (koe-ray-ky-o tah-kah-hah-shee), Makoto Saito (mah-koe-toe sigh-toe), Jotaro Watanabe (joe-tah-roe wah-tah-nah-bee), Mitsui (mit-soo-ee), Mitsubishi (mit-soo-bee-shee), Sumitomo (soo-mee-toe-moe), Yasuda (yah-soo-dah).



STILL IN THE FRYING PAN

—Elderman in Washington Post

Government, Through the I.C.C., Orders Railroad Fares Reduced

(Concluded from page 1, column 1)

panies prospered until about 1920. Until then they were practically alone in the field of rapid transportation. Their business was growing from year to year. From 1900 to 1910 the amount of freight hauled on the American railroads increased 80 per cent. From 1910 to 1920 it increased another 62 per cent. From 1900 to 1910 passenger traffic doubled. From 1910 to 1920 it increased 46 per cent. Then something happened. During the prosperous decade from 1920 to 1930 freight traffic increased less than 9 per cent and passenger traffic actually fell off 34 per cent, or more than a third.

We all know, of course, what it was that happened, but these figures may give definiteness to our impression: During the period we have been talking about, 1920 to 1930, the number of motor vehicles increased 181 per cent. The number of motor trucks increased 236 per cent, and the increase in the number of buses was 825 per cent. The trucks had come in to compete with railroads in the hauling of freight, and

the companies operating in the West and South did not stop at that. They decided to reduce their fares as a means of winning back patronage. Passenger fares on the western roads were cut to 2 cents a mile for travel on coaches, and in the South the cut was to 1½ cents a mile. The eastern roads held to the higher rates, the coach fare remaining at 3.6 cents a mile.

The results to date appear to justify the hopes of the southern and western companies. Their passenger business has increased decidedly and is still improving. The Interstate Commerce Commission members, or a majority of them, finally decided that the experiment of reduced fares should be extended to the eastern roads, and have accordingly made the rule that after June 2 the basic passenger rate for coaches throughout the United States shall be not more than 2 cents a mile. There is a corresponding reduction of pullman rates.

The extent of this reduction may be appreciated by reference to comparative figures: The present coach fare from Chicago to New York is \$32.70. After next June it will be \$18.17. At the present time it costs one \$41.70 to ride from Chicago to New York on the pullman. The new rate is to be \$28.83. The coach rate from New York to San Francisco falls from \$94.94 to \$62.53. From Detroit to New York the fare now is \$24.82, and after June it will be \$13.79.

An Experimental Policy

There is a division of opinion among eastern railway executives as to the effect of the new rates. The officials of most of the roads feel that the new rates are unfair and will hurt rather than help them. They point to the fact that passenger business must increase 80 per cent before they will be as well off as they are under the old rates. They doubt whether this gain will be made. They question whether the reduction of fares will add to the number of passengers as much as it did in the West and the South. They argue that a larger proportion of the people using the railroads in

the East are well-to-do, and would not be so greatly influenced by a change of rates. They say that in the northeastern part of the country competition with the railroad companies was not so much from buses as from private automobiles, which are used, not because of cheapness but because of convenience. Cheaper rates will not induce large numbers of people to leave their own cars in their garages and use the trains. So the eastern rail executives contend that they will not profit by the reduced rates but will suffer from them. This view, however, is not universal. The Baltimore and Ohio officials have insisted for a long time that rates should be cut, and they are pleased with the action of the Commission.

The fares which are to go into effect next summer will bring the cost of travel by rail down very near to the expense of using buses. The present rail fare, for example, from New York to Boston is \$8.26, while bus fare is \$3.75. But under the new rates railway fares will be cut to \$4.58—not much above the bus fare. Under the new rule railway fares from New York to Philadelphia will actually be a little under the bus fares. At present it costs \$3.24 to travel between these



THE FIRST LOCOMOTIVE ON WHEELS IN AMERICA

From an illustration "John Stevens, an American Record," by Archibald Douglas Turnbull.

two cities by rail and it costs \$2.00 to go by bus. Under the new rule the rail fare will be \$1.82. Bus fare between Chicago and New York is \$14.00; rail fare at present is \$32.70, but will be cut to \$18.17. It is possible, however, that the bus lines will undertake to cut fares so that they may continue to compete with the railroads on terms about as favorable as they have at present. It is not certain, though, that they will succeed in this, for the Interstate Commerce Commission must pass upon changes in bus fares, and it is quite likely that they would not permit cutthroat competition between the two modes of transportation.

The Commission, in making the change in railway fares, had in mind not only the railroads, but the traveling public. In the statement accompanying the order, attention was called to the fact that economic conditions have changed during the last few years; that commodity prices have fallen and that average incomes are lower than they were. Under these circumstances, it is highly desirable that the public should have the advantage of cheaper railway rates if that is at all possible. There is no certain way to determine whether or not it is possible without making a trial, and that is what the Interstate Commerce Commission has ordered the railroads to do. If it should turn out that their business is not materially increased, it would probably be necessary for the higher fares to be restored. It is hoped, however, that the new rates will work to the advantage of the roads and the public as well.

Basic Remedies

Few people, however, believe that the problem of the railroads can be solved merely by the reduction of passenger rates. The problem is too deep-seated for that, and experts who have studied all aspects of the problem are of the opinion that fundamental readjustments will have to be made. One of the most exhaustive studies of this whole subject was that made during the winter of 1932-33 by the so-called Coolidge Committee, which was appointed by banks and insurance companies having heavy investments in the industry. It was the function of this committee to map out a course of action that would bring the railroads out of the economic wilderness. Here are some of the steps which the committee held necessary if the basic difficulties confronting

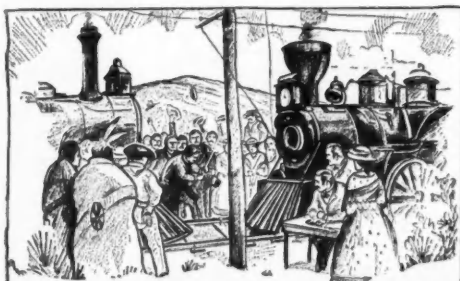
the railroad industry were to be overcome.

In the first place, the railroads should be consolidated as rapidly as possible. Where the companies were unwilling of their own accord to take such action, the government should force them to merge. The object of such a step would be to avoid the necessary expense and waste involved in duplicating lines and to eliminate all obsolete lines and equipment. In the end, a single national system, with regional divisions, would be established. Secondly, in those regions where railroads cannot be operated at a profit, they should be replaced by cheaper forms of transportation, either water or automotive, as the case might be. Thirdly, the railroads should be permitted to own and operate competing services, including water lines. The fourth recommendation was that the government should no longer assume part of the costs of inefficient competing transport. Apparently, this suggestion was aimed at the subsidies which government gives to waterways. Finally, competing forms of transportation—automotive—should be placed under as strict government regulation as the railroads are.

Eastman Report

The government itself has not been unmindful of the plight of the railroads. Early in the Roosevelt administration, Joseph B. Eastman was appointed federal coordinator of transportation and was charged with the responsibility of working out a program. Mr. Eastman has canvassed the entire field and has made reports and recommendations for legislative action. Thus far, nothing has been done by Congress. About two years ago, his most important report was issued, in which he startled a good many people by declaring that eventually the railroad problem would have to be solved by government ownership and operation. Mr. Eastman recognized, however, that the transition from private to public ownership could not be accomplished immediately. The investment in the railroad industry is so heavy and the whole financial set-up so intricate that the government could not purchase the roads without considerable delay. Nevertheless, he declared that this would have to be the ultimate solution of the problem.

Awaiting such time as this objective could be realized, Mr. Eastman outlined in his report a number of steps which should be taken in the meantime. Chief among these was the proposal that competing forms of transportation—buses, trucks, and waterways—should be subjected to the same sort of government regulation as the railroads are. "The object of such control," said Mr. Eastman, "is not only the protection of the railroads, but the protection of every form of transportation." Despite the fact that bills carrying out some of these recommendations have been introduced in Congress, precious little has as yet been accomplished.



THE FIRST TRANSCONTINENTAL RAILROAD

THE COMPLETION OF THE RIBBON OF STEEL THAT TIED THE TWO COASTS TOGETHER—MAY 10, 1869

AS EARLY AS 1848, ASA WHITNEY, A NEW YORK MERCHANT, DREAMT OF A RAILROAD TO THE PACIFIC, BUT COULD OBTAIN NO FINANCIAL SUPPORT FOR HIS PLAN. LATER CALIFORNIA ENTERED THE UNION IN 1850, THE QUESTION TO JOIN HER TO THE EAST BECAME URGENT. SPREAD AND WHILE MANY STILL BITTERLY OPPOSED THE SCHEME AND DEEMED IT AS IMPOSSIBLE, CONGRESS SENT OUT FIVE SURVEYING EXPEDITIONS TO DETERMINE THE BEST ROUTE FROM THE MOUNTAINS TO THE PACIFIC.

BY THE PACIFIC RAILROAD ACT OF 1862, THE MERCHANT ORGANIZED CENTRAL PACIFIC RAILROAD COMPANY TO PROCEED WITH THE CONSTRUCTION OF THE ROAD, AND WORK WAS BEGUN IMMEDIATELY AT SACRAMENTO, CAL., AND AT OMAHA, NEBRASKA—THE TREMENDOUS PROJECT WAS SOGGY BY MANY DIFFICULTIES, AND ONLY THE PERSEVERANCE AND FAITH OF THE BUILDERS CARRIED THE WORK STEADILY

FORWARD OVER THE VAST AND FLANKS OF THE WEST AND THE ALPINE PEAKS OF THE SIERRA NEVADA MOUNTAINS. FINALLY ON MAY 10, 1869, AFTER SIX YEARS OF LABOR, THE TWO LINES JOINED AT PROMONTORY POINT A DESOLATE SPOT IN UTAH—THE BLOWS OF THE HAMMER THAT DROVE HOME THE LAST SPIKE, A GOLDEN ONE, WERE TELEGRAPHED FAR AND WIDE, AND THE WHOLE COUNTRY JOINED IN THE CELEBRATION.

THE SPOON-MAKING ACHIEVEMENT ANNOUNCED THE LAST FRONTIER—WHICH WAS FORBIDDEN THIS TRIP FROM NEW YORK TO SAN FRANCISCO BY WAY OF PANAMA HAD REQUIRED 30 DAYS, AND THE TOUGHER AROUND SOUTH AMERICA BY BOAT, FOUR TO SIX MONTHS, WITH THE COMPLETION OF THE TRANSCONTINENTAL RAILWAY, ONLY SIX SHORT DAYS SEPARATED THE RICH PRODUCTIVE LANDS OF THE WEST FROM THE BUSY INDUSTRIAL CENTERS OF THE EAST.

THE CONTINENT IS SPANNED

From "Great Moments of History," by Samuel Nissenon and Alfred Parker (Grosset and Dunlap).

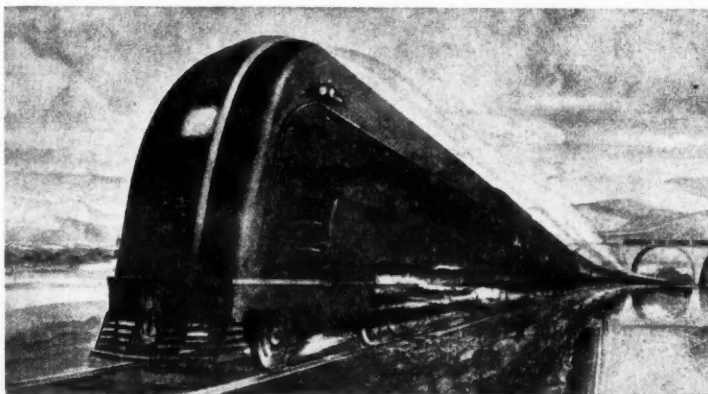
the buses were competing in the carrying of passengers. But there were still other forms of competition. Traffic on inland waterways, not counting the Great Lakes, doubled during the 1920's and the amount of freight carried through the Panama Canal from one part of the United States to another increased more than sixfold. At the same time there was a considerable development of air traffic and travel.

All this was going on during the prosperous years. Since then the railroads have suffered acutely not only from the general hard times but from competition. By 1933 the number of passengers carried on the railroads had fallen 75 per cent below the high year of 1923. Automobile travel increased about sevenfold from 1920 to 1929 and it fell off comparatively little from 1929 to 1933. Thus it is a serious mistake to consider the railroad problem a product of the present depression.

The Fare Reduction

This falling off in business spelled disaster for the railroads. Many of them were in bankruptcy before 1933 and few of them could have survived without government loans. It has been freely predicted that the government would have to take the roads over and operate them.

Clearly something had to be done if the railroads were to be saved. A number of the roads turned to the improvement of their service. Many trains were air-conditioned and a number of the roads have modernized their equipment, putting swift, luxurious trains into the service. But



—Courtesy American Locomotive Company

THE TRAIN OF THE FUTURE